

Atty. Dkt. No. 084561-0108

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Mark LANDESMANN

Title: BUYER-DRIVEN TARGETING OF PURCHASING ENTITIES

Appl. No.: 09/888,439

Filing Date: 06/26/2001

Examiner: Khanh H. Le

Art Unit: 2100

Commissioner for Patents
Box NON-FEE AMENDMENT
Washington, D.C. 20231
Sir:

DECLARATION UNDER 37 C.F.R. §1.132

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I, Pieter Hartsook, a citizen of the United States, residing at 6415 Chelton Drive, Oakland, California 94611, declare and state that:

1. I graduated from University of California, Berkeley, USA, with a Bachelor of Arts in Biological Sciences in 1972. I graduated with a Masters of Library Science Degree from the University of California in 1973. I graduated with a Certificate in Library Science Management from the University of California in 1974.
2. I have twenty-four years of experience in or with respect to the design, control, management, access, and deployment and use of marketing database systems as a developer, designer, and manager of a variety of information services, marketing analysis, database marketing, and business development projects.
3. I worked for Information Planning Associates from 1978-1981 as Project Manager for information support services for Federal agencies. From 1981-1983, I worked for Howard University as Assistant Director of Libraries. From 1982-1987 I provided consulting services including database design and implementation. From 1986-1990 I provided business development and marketing services for products that facilitated sharing of information across local area and wide area networks. From 1990-1998 I worked in the area

Atty. Dkt. No. 084561-0108

of marketing analysis including customer and consumer analysis and targeting, including from 1996-1997 as Vice President of Marketing Analysis & Research for Apple Computer. Since 1998 I have worked in the database marketing area and the customer acquisition and analysis area for Cybergold/MyPoints, Inc and for Open Source Applications Foundation.

4. I declare that I have read and understood the specification and drawings for application serial number 09/888,439 filed on June 26, 2001, titled 'BUYER-DRIVEN TARGETING OF PURCHASING ENTITIES' and have read and understood claim 1, set out below.

5. I declare that I have read and understood the following prior art references:

- A US-6434534 B1 08-2002
- U Privacy fears raised by DoubleClick database plans by Courtney Macavinta, January 25, 2000, downloaded from <http://news.com.com/2100-1023-236092.html?tag=m>, 8/8/20
- V Privacy Activists File DoubleClick Complaint, by Keith Perine, the Industry Standard, Feb. 10, 2000
- W Data Mining: Staking a Claim on Your Privacy, January 1998, downloaded from <http://www.ipc.on.ca/english/pubpres/papers/dataminc.htm>, 8/0/02
- X Information technology and the privacy of the Individual, The Role of Privacy in Modern Society, by Dave Redell, Sep. 23, 1992 downloaded from <http://home.pacbell.net/webright/personal/acm.text>
- U Permission Marketing by Seth Godin, Simon and Schuster, copyright 1999, chapter 10
- V Permission Marketing: the Way to make advertising work again (Interactive Marketing) (excerpt from 'Permission marketing: Turning Strangers into Friends and Friends into Customers', Chapter 2) also published as Dialog # 01777383, File # 570, by Hoke Communications Inc.

6. Reviewed Claim 1.

1. (Amended) A method for buyer-driven targeting by a system comprising:

receiving directly or indirectly from each of a plurality of buyer entities at least one respective third party purchase record or information verifiably derived therefrom, said purchase record or information verifiably derived therefrom comprising data associated with

Atty. Dkt. No. 084561-0108

the purchase of products or services for which the payment was not carried out by the system;

storing information associated with said data;

for a plurality of product or service items offered for sale, wherein each different item in said plurality of items is either manufactured or marketed or distributed or provided by a different third party advertiser in a plurality of third party advertisers, and wherein said manufacture, marketing, distribution or provision is not carried out by the system in the ordinary course of business, making or helping make with respect to at least one of said buyer entities, based at least in part on said data, at least one discriminatory decision associated with the offering of at least one from among a plurality of different preferential contingent incentives, with each incentive associated with at least one of said items and associated with at least one of the third party advertisers, wherein there is at least one different preferential contingent incentive from each of a plurality of the different third party advertisers, each of said incentives offering at least one benefit in exchange for at least one action associated with a possible purchase of at least one of said items, said benefit not normally and publicly accessible to said buyer entity or other buyer entities in the same geographic region on terms which are at least objectively equivalent, and which do not include material conditions that are different from said at least one action, said discriminatory decision regarding the at least one incentive that is to be offered to the buyer entity being based at least in part on stored data relating to purchases made by said buyer entity with merchants other than the third party advertiser that is associated with the incentive; and

offering or facilitating the offering of at least one of said preferential contingent incentives to said buyer entity, without having transferred to said third party advertiser directly or indirectly any full name associated with said buyer entity at the time that the incentive is offered but has not yet been responded to by said buyer entity, with the condition precedent for this step that the system has received directly or indirectly from that buyer entity the at least one respective third party purchase record or information verifiably derived therefrom.

7. I declare, based on my twenty-four years of experience in the computer information services industry and my knowledge of internet database marketing, that the invention defined in claim 1 is novel and non-obvious in view of the prior art references cited above and also in view of my knowledge of the art. I base this conclusion on the following:

Atty. Dkt. No. 084561-0108

8 The invention of claim 1 defines a method for creating a working forum or marketplace which merchants and other advertisers may use to acquire potentially valuable buyer entities as new customers or as significantly better customers, while providing a way for buyer entities to self-profile in an anonymous way relative to advertisers, and including a motivation to self-profile.

9. THE PROBLEM: I believe that the following accurately states some of the problems involved. It is widely known that a relatively small number of buyers account for the lions share of the revenues and profits of most companies. As stated above, it is therefore crucial for an advertiser to direct his customer acquisition efforts at those buyer entities that are potentially the most valuable customers. However, the prior art provides advertisers with few ways of identifying prospective new customers with verifiably attractive purchase histories (or those who have the potential of becoming much better customers based on their purchases with competing companies), nor does it offer an effective method of communicating with such prospects without having identified them by name. Importantly there is no cost effective way to send bull's-eye communications to such prospective new customers, which are highly relevant based on their demonstrated previous purchase interests, in a way to motivate them to respond and to continue to respond in part because they understand and expect these communications to be highly relevant to them personally and to contain particularly lucrative offers, but to also obviate permission issues.

Importantly, an advertiser can generally not obtain reliable and relevant purchase information from competing sellers, because these merchants will not want to make their customer lists available to their immediate competitors. Similarly, a retailer will likely refuse payments made with the card of a credit card company which forwards that retailer's transaction data to competitors. Furthermore, merchants can generally not sell the individually identifiable information of consumers without obtaining the permission of those consumers (or informing those consumers of their practices in this regard, and allowing those consumers to opt-out). This is because of privacy laws, such as the Gramm-Leach-Bliley Act, and public pressure. From the consumer standpoint, I believe most consumers will only rarely let a company—even one that they trust—resell their personal transaction data, because they do not know nor can they control how their information is used by the party or parties to whom their data is sold. Furthermore and importantly, no single seller can provide a comprehensive profile about a particular buyer entity because that seller generally only

Atty. Dkt. No. 084561-0108

possesses a fraction of that buyer entity's purchase history –records of the transaction that the buyer entity made with that seller.

From the advertiser's standpoint, it is as difficult to obtain reliable and relevant purchase information directly from buyer entities as it is to obtain such information from sellers. The advertiser faces significant problems in trying to purchase the buyer entity information directly from the buyer entity itself. First, a fundamental conundrum (the valuation problem) arises when a merchant attempts to purchase buyer entity information for cash; namely the merchant cannot cost-effectively pay cash for information until the merchant has seen and evaluated the information and determined its value (which varies widely among buyer entities). But then the merchant has the information and the buyer entity's identity! Second, the actual value of a buyer entity's information further depends on an unknown variable; namely, the willingness and propensity of that buyer entity to actually respond to any promotions that are later sent to that buyer entity on the basis of the information it has provided. However, this propensity to respond to future promotions is not known at the time that the information is purchased. Third, buyer entities will not trust most advertisers with their individually identifiable transaction information. Fourth, although buyer entities are sometimes willing to answer questions about their purchase behavior in exchange for a reward, I believe that such information is known to be highly unreliable because very few consumers answer these questions truthfully. Consumer answers would become even less reliable if they knew that the answers they give to questions would be routinely used to give better rewards to some consumers than to others, because consumers would then have an incentive to lie about their true purchase behavior.

10. I declare that the combination of claim 1 includes the necessary elements to create a marketplace for a fundamental trade between interested buyer entities and advertisers, with the combination of claim elements creating a variety of unique and non-obvious features, motivations, and synergies. The claimed combination provides the elements to make such a trading system work to motivate the buyer entity itself to transfer the information in its control voluntarily directly or indirectly to the system and to continue to provide that information (thereby removing the permission problem). The claimed combination also goes toward solving the information valuation problem because the consideration offered to the buyer entity is not direct cash paid on receipt of the information. The claimed combination importantly requires that the information transferred directly or

Atty. Dkt. No. 084561-0108

indirectly from the buyer entity be in the form of verified transaction records, so that there is a high potential that the information is reliable. Importantly, the claimed combination requires that the incentives that are provided carry benefits with preferential terms (an important motivator for the buyer entity to provide its records or authorize the provision of its records initially and to keep providing or authorizing the provision of its records), and contingent, so that the buyer entity must take some further action that relates to the purchase of a product offered by a participating advertiser in order to receive the incentive. Of equal importance as a motivator to buyer entities is the requirement that there be a participating group of third party advertisers across an industry or across multiple industries to thereby create an ever-increasing universe of preferential incentives for which the buyer entity may become eligible. With such a claimed combination of elements, individual buyer entities can use their purchase histories to have a potentially large number of merchants/advertisers compete for their unique business, especially in those products and service categories in which a given buyer entity buys the most, without having to disclose (at least not before the time that they respond to an offer) their identifiable purchase history to anyone except to one trusted corporate or electronic intermediary, which need not be the system itself.

From the advertiser's standpoint, the advertiser could not cost-effectively afford to make such preferential promotions available to everyone, because doing so would entail attracting "opportunity seekers" that take advantage of the initial promotion without having a similar longer-term purchase interest. The preferential, contingent nature of the incentives, coupled with the requirement that the buyer entity take a further action, and coupled with the condition precedent that the buyer entity have directly or indirectly transferred its verifiable purchase data provide an unusual combination of elements that is likely to attract those buyer entities most likely to make or to consider making purchases through this mechanism. Note that an unusual effect of this system and method is that it facilitates advertisers targeting their most attractive and expensive promotions to buyer entities who are frequent customers of their competitors (who obviously would not willingly provide such data for this purpose.)—i.e., the records and/or information are coming from outside the advertiser's own system.

11. With specific reference to Walker 534, this patent is directed to promoting the use within the system of a credit card through incentives. There is no suggestion to transfer in third party generated records or other verifiable information from outside of the system's credit card payment business, nor is there any suggestion to offer incentives from among a plurality of incentives provided by the third party advertisers, nor to allow any third party

Atty. Dkt. No. 084561-0108

advertisers to benefit from the information and potentially access directly or indirectly the purchase records of their competitors. Coupled with the above, there is no making or helping to make a decision regarding the eligibility of a particular buyer entity to be offered a preferential contingent incentive from a third party advertiser. Also, the rewards offered by Walker are based only on a particular use of the system's financial account or credit card, and do not relate to the purchase of third party products. Because Walker does not offer third-party incentives and because in Walker there are no third party advertisers, there is no need to find a method which allows these third party advertisers to use information, but without receiving it in personally identifiable form, and there is no recognition of the privacy issue.

12. Based on my seventeen years of experience in/with respect to the retail, advertising/marketing industry/ies, it is my opinion that one of ordinary skill in the industry at the time of the filing for this invention, would not have been motivated to either modify Walker or to create a new combination in view of the other prior art references listed above, or in view of any other prior art references that I may be aware of, in order to create the combination of elements of claim 1.

13. The MacAvinta reference and Perine reference refer to the attempted merger of the Doubleclick database with the Abacus database and simply demonstrate that actual purchase histories are known valuable commodities and discuss potential privacy concerns and the lack of consumer permissions. There is no discussion of the information valuation problem or any of the other elements of the claimed invention. The data mining article published by Ontario's Information and Privacy Commissioner, "Data Mining: Staking A Claim On Your Privacy," simply recognizes that personal information can be a property right of the consumer. The article by Dave Redell on Information Technology and Privacy refers to select merchants using "point-of-sale equipment" to more efficiently capture transaction information at the point of sale which pertains to the goods sold by these same merchants. Seth Godin's Permission Marketing, Chapter 10, and the several case studies he cites, including Bonus Mail by Intellipost, Cybergold, Amazon.com, AOL, Value America, Yoyodyne, InfoBeat and MyYahoo relate to the proposition that it would be more effective to obtain the permission of the consumer before sending him/her communications. However, Godin never contemplates the trade of verifiable transaction information by buyer entities (or by anyone else) for a benefit, the significant heretofore unsolved problems regarding such a

Atty. Dkt. No. 084561-0108

trade, nor any solution to these problems, much less the solution proposed by the present invention. Likewise, I have reviewed each of the other references cited above. These references do not describe the combination of elements set forth in claim 1, or provide a motivation to modify the Walker patent to create a new system that includes the combination of Claim 1, or to create a new system not necessarily based on Walker that includes the combination of Claim 1.

14. It is my opinion that one of ordinary skill in the art would typically be a direct or incentive marketer or a database marketing specialist with a focus on the acquisition of new customers or the provision of customer acquisition services. Even in the face of these specified references, it is my opinion that it continues to be inherently non-obvious for such a marketer to recognize applicant's way of incenting a consumer to self profile in a privacy-protected manner by creating a central profile hosted by a trusted party with the potential for a universe of different cross-industry incentives from independent third party merchants, to thereby obtain a comprehensive past purchase history across a variety of products and industries that would give the consumer profile the accuracy necessary for highly tailored incentives, and at the same time, because of the preferential nature of these incentives, make the consumer amenable to receiving targeted communications containing these incentives. Such a system, because it would allow direct competitors of those companies that have previously sold products and processed payments for particular buyer entities to compete for the business of these buyer entities, is inherently not obvious.

15. It is my opinion that the present claimed invention has the potential for creating a fundamental synergy generated by an ever-increasing cross-industry database of verifiable buyer entity purchase information incenting an ever-increasing cross-industry set of contingent preferential incentives, and vice versa. The greater the number of participating buyer entities, the greater the attractiveness of the present system to new third party advertisers. In turn, as the number of third party advertisers increases, the system becomes increasingly attractive to buyer entities, and the number of participating buyer entities increases as well.

16. It is my opinion that the present claimed invention has a similar synergistic effect with respect to the virtuous cycle between the provision of information of a buyer entity and its response to system-generated incentive offers. As a buyer entity augments its profile with increasingly comprehensive and varied information, it receives better (more highly

Atty. Dkt. No. 084561-0108

by purchasing products or accepting incentive offers, that information will normally be uploaded into the system as well. Because advertisers/merchants have the greatest interest in paying for the provision of incentive offers to those buyer entities that have a track record of previously responding to system-generated incentive offers, the attractiveness of their incentive offers increases further, which increases the response of buyer entity, and so forth.

17. It is my opinion that a final synergy that the present system generates is that advertisers compete for the business of buyer entities by setting incentive reward levels that will give their particular incentive offer a higher standing as buyer entities sort their incentive offers by level of attractiveness, or as the system presents these offers to buyer entities in a sequence determined by their value. As a result of this competition, a market is effectively created for the new business of a buyer entity, based on that buyer entity's purchase record, and its demonstrated propensity to respond to incentive offers for new products and services.

18. Based on my twenty-four years of database and information systems design and management, customer acquisition and analysis, and database marketing industry experience, I state unequivocally that the combination of elements set forth in claim 1 is novel and non-obvious in view of the cited prior art and in view of my own personal knowledge of the prior art.

I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true, and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

Respectfully submitted,

By: 
Pieter Hartsook

Dated: 3-10-2003